

Message Text

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ORIGIN AF-18

INFO OCT-01 ADP-00 SS-15 NSC-10 AID-20 IGA-02 ARA-11 EB-11

COME-00 TRSE-00 OPIC-12 AGR-20 RSR-01 CIAE-00 INR-10

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6/28/73 EXT. 20498

APPROVED BY AF - DAVID D. NEWSOM

AF/ N: JJBLAKE

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R 291355 Z JUN 73

FM SECSTATE WASHDC

TO AMEMBASSY RABAT

C O N F I D E N T I A L STATE 127801

E. O. 11652: GDS

TAGS: PFOR, MO

SUBJECT: MOROCCAN AMBASSADOR' S CALL ON ASSISTANT SECRETARY
NEWSOM

1. MOROCCAN AMBASSADOR SENOUSSEI CALLED ON NEWSOM JUNE 27
TO DISCUSS PL-480, CUBA TRADE AND STATUS OF OVERALL US-
MOROCCAN RELATIONSHIP. HE STATED THAT GOM FOREIGN MINISTRY
HAD INSTRUCTED HIM TO RAISE THESE THREE SUBJECTS.

2. SENOUSSEI EXPRESSED DISMAY THAT PL-480 TITLE I WHEAT
PROGRAM STILL MEETING PROBLEMS. HE NOTED AGREEMENT FOR
DOLS 6.4 MILLION/66,500 TON PROGRAM WAS FAR SHORT OF
ORIGINAL REQUEST FOR 200,000 TONS. NOW WITH DROUGHT
CREATING DRAMATIC PROBLEM OF REDUCED MOROCCAN STOCKS THERE
IS REAL URGENCY TO AT LEAST OBTAIN FULL AMOUNT IN AGREE-
MENT. MOROCCO HAS BOUGHT 48,000 TONS BUT NEEDS SUPPLEMENTAL
CREDIT TO BUY FULL BALANCE OF 18,500.

3. NEWSOM EXPLAINED HOW WORLDWIDE SUPPLY AND DOMESTIC PRICE
FACTORS HAD CREATED GREAT PROBLEM FOR THIS YEAR' S WHEAT
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PROGRAMS. EXTRAORDINARY EFFORTS WERE MADE ON MOROCCO'S BEHALF TO GET PAS IN JUNE AND WE ARE MAKING SIMILAR PUSH FOR AUTHORIZATION OF 8,500 TONS WHICH CAN BE PURCHASED BY FUNDS STILL AVAILABLE UNDER AGREEMENT. WE CANNOT, HOWEVER, BE AT ALL OPTIMISTIC AT THIS TIME ABOUT FUNDING OR COMMODITY AVAILABILITY OF 10,000 TONS WHICH WOULD REMAIN.

4. THE AMBASSADOR SEEMED GENUINELY SURPRISED THAT THERE WAS ANY PROBLEM WITH RESPECT TO 8,500 TONS WHICH, AS HE REPEATEDLY POINTED OUT DURING CONVERSATION, WERE COVERED BY EXISTING BUDGETARY CREDIT. HE ALSO REITERATED GOM'S INSTRUCTION TO HOLD USG TO FULL 66,500 TONS IN AGREEMENT. NEWSOM NOTED THAT AGREEMENT WAS SUBJECT TO BUDGETARY AS WELL AS TONNAGE MAXIMUM AND THAT PRICE AND AVAILABILITY FACTORS WERE CREATING DIFFICULTIES FOR ALL PL-480 RECIPIENTS, MANY OF WHICH WERE FARING LESS WELL THAN MOROCCO. NONETHELESS, WE ARE MAKING EVERY EFFORT TO OBTAIN 8,500 TONS FOR WHICH CREDIT AVAILABLE AND SHOULD HAVE ANSWER FOR GOM BY JULY 6, FOLLOWING INTER- AGENCY REVIEW PROCESS. NEWSOM ALSO CAUTIONED THAT PROBLEMS LIKELY CONTINUE FOR AT LEAST FIRST TWO QUARTERS OF FY 74. SENOUSSE RUEFULLY NOTED THAT RISING PRICES TOOK GOM BY COMPLETE SURPRISE AND THAT HE HAD NOW LEARNED LESSON OF MAKING REQUEST EARLY IN FISCAL YEAR.

5. TURNING TO MOROCCAN TRADE WITH CUBA, SENOUSSE SAID THAT HEAVY SUGAR IMPORTS REQUIRED PAYMENT IN MOROCCAN EXPORTS TO COVER CURRENT DEFICIT OF DOLS 9 MILLION FOR WHICH NO FOREIGN EXCHANGE AVAILABLE. GOC INSISTS ON MANUFACTURED GOODS WHICH GOM HAS TOLD GOC IT CANNOT SUPPLY BECAUSE OF PROHIBITIONS IN US FOREIGN ASSISTANCE ACT AND PL-480. AS A RESULT, SAID SENOUSSE, GOC IS ANGRY AND THREATENS REVOKE PAYMENTS AGREEMENT AND DEMAND CASH IN HARD CURRENCY. GOM MUCH PREFERS TO KEEP GOOD RELATIONS WITH USG, BUT IMPORTS OF SUGAR MAKE UP FIFTY- TWO PERCENT OF TOTAL CONSUMPTION AND SUGAR IS PROBABLY MORE IMPORTANT FOR MOROCCAN DIET THAN FOR ANY OTHER NATION. SHORTAGE OR HIGH PRICE SUGAR WOULD CAUSE ACUTE SOCIAL PROBLEMS. THEREFORE, SAID SENOUSSE, GOM HAS SOUGHT TO MAINTAIN STABLE SUPPLY AND HAS FOUND THAT WORLD MARKET CONDITIONS MAKE THIS IMPOSSIBLE WITHOUT COMMERCIAL AGREEMENT WITH CUBA.
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(REPORT PREPARED BY USAID RABAT EMPLOYEE M' HAMED HANAFI STATES THAT MOROCCAN DOMESTIC SUGAR PRODUCTION NOW ABOUT SIXTY PERCENT OF CONSUMPTION. THIS SUGGESTS THAT IMPORTS COULD ACCOUNT FOR ABOUT FORTY PERCENT RATHER THAN FIFTY- TWO PERCENT CITED BY SENOUSSE. PLEASE CONFIRM. DEPT. WOULD ALSO APPRECIATE YOUR COMMENT ON SENOUSSE'S CLAIM, MADE AT LATER POINT IN MEETING, THAT THERE IS NO INTENTION

SEEK OUR PERMISSION FOR INVOLVEMENT OF MOROCCAN FLAG VESSELS IN CUBA TRADE.)

6. NEWSOM ACKNOWLEDGED THAT PROBLEM IS VERY DIFFICULT FOR GOM. HE HAD RECEIVED CABLE FROM AMBASSADOR ROCKWELL ON THIS SUBJECT AND IS GIVING MATTER CLOSE STUDY WITH VIEW TO OBTAINING EXCEPTION FOR MOROCCO. PRELIMINARY EXAMINATION OF FACTS AND LEGAL IMPLICATIONS, HOWEVER, DOES NOT MAKE US OPTIMISTIC. (DEPT. IS PROVIDING MOROCCAN EMBASSY WITH RELEVANT PORTIONS OF LEGISLATION.)

7. SENOUSI CONCLUDED BY ASKING IN A GENERAL WAY FOR NEWSOM'S VIEWS ON THE STATUS OF US-MOROCCAN RELATIONS IN THE AFTERMATH OF RECENT HIGH LEVEL CONTACTS. NEWSOM PRESENTED SUBSTANCE OF POINTS MADE IN SEPTEL TO RABAT THIS SUBJECT AND ADDED THAT HE HAS ASKED DOD TO CONSIDER POSSIBLE NAVY TO NAVY SHIP LOAN. NEWSOM SAID THAT TOTALITY OF U. S. ASSISTANCE INCLUDES EXAMPLES OF PREFERENTIAL TREATMENT FOR MOROCCO. RELATIONSHIP NOT COMPARABLE TO SAUDI ARABIA OR IRAN WHERE CONCESSIONAL ASPECTS ARE LACKING. SENOUSI SAID THAT IT NOT POSSIBLE TO SPEAK OF IMPROVING RELATIONS, WHICH ALREADY VERY GOOD, BUT GOM DID HOPE FOR GREATER VOLUME OF ASSISTANCE. IN MAKING INVENTORY OF ITS POSSIBILITIES, GOM MUST KNOW WHAT IT CAN COUNT ON FROM USG. NEWSOM CLOSED BY NOTING THAT IT WOULD BE EASIER FOR US TO SPEAK OF FUTURE IF WE KNEW MORE ABOUT PLANS OF GOM. ROGERS

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